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INDEPENDENT AUDITOR'S REPORT

To owners and Management of EI Almaty Management University

Opinion

We have audited the financial statements of EI Almaty Management University (hereinafter – the “Institution”), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institution as at December 31, 2021, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter – ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institution's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EI Almaty Management University's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance of EI Almaty Management University regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP



Yerzhan Dossymbekov

Engagement partner/General Director
Grant Thornton LLP



Certified Auditor of the Republic of Kazakhstan
Certificate #MF-000069 on January 20, 2012

State license #18015053 on August 3, 2018 for providing audit services on the territory of the Republic of Kazakhstan, issued by the Internal state audit committee of the Ministry of Finance of the Republic of Kazakhstan.

June 23, 2022
Almaty, the Republic of Kazakhstan

EI ALMATY MANAGEMENT UNIVERSITY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash	5	528,875	398,368
Trade and other accounts receivable	6	147,675	210,187
Financial aid given	7	216,889	366,889
Inventories		17,425	13,990
Advances given	8	94,179	75,593
Other current assets	9	53,500	62,070
Total current assets		1,058,543	1,127,097
Non-current assets			
Property, plant and equipment	10	4,126,338	4,169,072
Intangible assets		5,137	638
Total non-current assets		4,131,475	4,169,710
TOTAL ASSETS		5,190,018	5,296,807
EQUITY AND LIABILITIES			
Equity			
Charter capital	1	—	—
Other operations with owner		(58,111)	(58,111)
Retained earnings		2,722,216	2,532,614
TOTAL EQUITY		2,664,105	2,474,503
Current liabilities			
Loans received	11	412,087	579,445
Contract liabilities	12	1,205,854	1,122,151
Financial aid received	13	11,250	15,897
Trade accounts payable	14	94,497	99,850
Other current liabilities	15	254,798	229,560
Total current liabilities		1,978,486	2,046,903
Non-current liabilities			
Loans received	11	547,427	775,401
Total non-current liabilities		547,427	775,401
TOTAL EQUITY AND LIABILITIES		5,190,018	5,296,807

Accompanying notes on pages 5 to 31 are an integral part of these financial statements.

Signed and approved for issue on behalf of the Institution's Management:

Rector

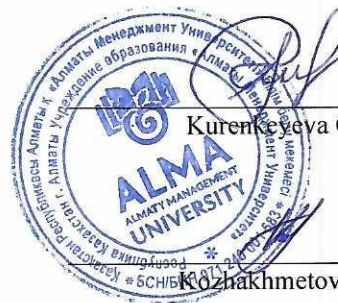
Kurenkoyeva G.T.

Vice-rector of corporate development

Kozhakhmetov R.T.

June 23, 2022

Almaty, the Republic of Kazakhstan



EI ALMATY MANAGEMENT UNIVERSITY

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021**

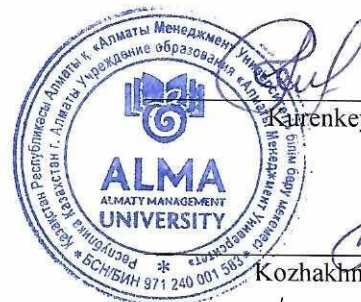
In thousands of tenge	Notes	2021	2020*
Revenue from educational services	17	3,069,832	2,545,147
Cost of educational services	18	(1,824,245)	(1,173,674)
Gross profit		1,245,587	1,371,473
Selling expenses	19	(199,082)	(145,451)
General and administrative expenses	20	(1,186,182)	(911,829)
Foreign exchange gain/(loss), net		286	(5,223)
Finance expenses, net	21	(142,194)	(192,948)
Expected credit losses on financial assets	5, 6, 7	(100,454)	(95,154)
Other income, net	22	571,641	340,937
Profit before taxation		189,602	361,805
Corporate income tax expense	16	–	–
Net profit for the year		189,602	361,805
Other comprehensive income		–	–
Total comprehensive income for the year		189,602	361,805

**The Institution made certain reclassifications in the statement of profit or loss and other comprehensive income for the year ended December 31, 2020, in order to comply with the presentation as for the year ended December 31, 2021 (Note 3).*

Accompanying notes on pages 5 to 31 are an integral part of these financial statements.

Signed and approved for issue on behalf of the Institution's Management:

Rector



Karenkeyeva G.T.

Vice-rector of corporate development

Kozhakhmetov R.T.

June 23, 2022

Almaty, the Republic of Kazakhstan

EI ALMATY MANAGEMENT UNIVERSITY

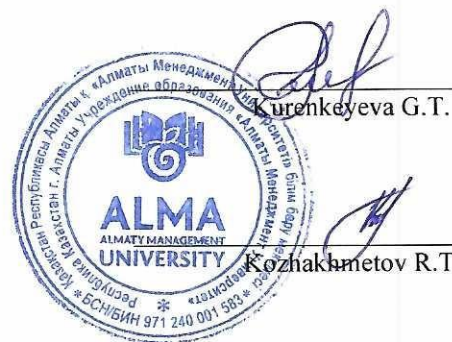
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

In thousands of tenge	Charter capital	Retained earnings	Other operations with owner	Total
As at December 31, 2019	–	2,170,809	–	2,170,809
<i>Profit for the year</i>	–	<i>361,805</i>	–	<i>361,805</i>
<i>Other comprehensive income for the year</i>	–	–	–	–
Total comprehensive income for the year	–	361,805	–	361,805
<i>Fair value adjustments on financial aid given (Note 7)</i>	–	–	<i>(58,111)</i>	<i>(58,111)</i>
As at December 31, 2020	–	2,532,614	(58,111)	2,474,503
<i>Profit for the year</i>	–	<i>189,602</i>	–	<i>189,602</i>
<i>Other comprehensive income for the year</i>	–	–	–	–
Total comprehensive income for the year	–	189,602	–	189,602
<i>Fair value adjustments on financial aid given (Note 7)</i>	–	–	–	–
As at December 31, 2021	–	2,722,216	(58,111)	2,664,105

Accompanying notes on pages 5 to 31 are an integral part of these financial statements.

Signed and approved for issue on behalf of the Institution's Management:

Rector



Kurenkeyeva G.T.

Vice-rector of corporate development

Kozhakhmetov R.T.

June 23, 2022

Almaty, the Republic of Kazakhstan

EI ALMATY MANAGEMENT UNIVERSITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

In thousands of tenge	Notes	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:			
Proceeds from providing educational services		3,057,474	2,559,242
Contract liabilities		565,353	649,752
Other proceeds		268,580	284,990
Payments to suppliers for goods and services		(753,054)	(461,945)
Advances given for goods and services		(640,100)	(342,821)
Payment of payroll expenses		(1,305,228)	(1,043,622)
Payment of taxes and other payments to state budget, except for corporate income tax		(501,083)	(374,415)
Other payments		(80,353)	(75,392)
Cash flows from operating activities		611,589	1,195,789
Interest paid on loans	11	(132,072)	(204,590)
Net cash received from operating activities		479,517	991,199
CASH FLOW FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment and intangible assets		(104,873)	(71,974)
Sale of property, plant and equipment and intangible assets		5,800	-
Financial aid given	7	-	(425,000)
Returns on financial aid given		150,000	-
Other financial aid given		-	(1,500)
Net cash used in investing activities		50,927	(498,474)
CASH FLOW FROM FINANCING ACTIVITIES:			
Loans received	11	45,000	187,217
Loans principal repayment	11	(422,388)	(510,428)
Net cash used in financing activities		(377,388)	(323,211)
Net increase in cash		153,056	169,514
Expected credit losses on cash	5	(23,194)	(4,069)
Cash at the beginning of the year	5	398,368	231,954
Effect of exchange rate changes on the balance of cash held in foreign currencies		645	969
Cash at the end of the year	5	528,875	398,368

During 2021, the Institution offset financial aid received from related parties and advances issued to a related party in the amount of 4,647 thousand tenge.

Accompanying notes on pages 5 to 31 are an integral part of these financial statements.

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June 23, 2022

Almaty, the Republic of Kazakhstan



EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1. GENERAL INFORMATION

Non-for-profit educational institution International Academy of Business was registered in the Department of Justice of Almaty, the Republic of Kazakhstan on December 17, 1997 certificate of state registration №15221-1910-Y-e dated December 17, 1997. On May 23, 2014 NEI International Academy of Business was renamed to the NEI Almaty Management University. On October 8, 2015 NEI Almaty Management University was renamed to the EI Almaty Management University (hereinafter – the “Institution”).

The Institution was founded and operates in accordance with the legislation of the Republic of Kazakhstan. The founder is the AlmaU LLP (hereinafter – the “Academy”). The ultimate controlling parties of AlmaU LLP are the followings:

Controlling parties	December 31, 2021 (%)	December 31, 2020 (%)
Kozhakhmetova Maral Bulatovna, citizen of the Republic of Kazakhstan	56.5%	56.5%
Samatdin Ablayhan, citizen of the Republic of Kazakhstan	27%	27%
Kozhakhmetov Tulegen Bazarbaevich, citizen of the Republic of Kazakhstan	10%	10%
Kunayev Mirgali Sapargalievich, citizen of the Republic of Kazakhstan	6.5%	6.5%
	100%	100%

Institution’s main activities are:

- Education on the program of Bachelor degree in areas and specialties in accordance with the obtained license to conduct educational activities;
- Education on the program “Master of Business Administration for managers and top-level professionals in the field of business with the assignment of the MBA degree”;
- Education on the program “Doctor of Business Administration for managers and top-level professionals in the field of business with the assignment of the highest professional degree - DBA”;
- Trainings for managers, specialists and employees, legal entities of various legal forms, as well as individuals to work in the market economy conditions;
- Providing consulting services to enterprises, organizations of all forms of ownership on implementation and support of organizational changes of new forms and methods of management;
- Organization of national, regional and international workshops;
- Development and publication of textbooks, manuals, reference books, newspapers and magazines about business and management.

As at December 31, 2021, number of employees of the Institution was 435 (December 31, 2020: 424).

The Institution’s legal and registered address is 227, Rozybakiev st., Bostandyk district, Almaty, the Republic of Kazakhstan.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Institution have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”).

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments. The financial statements of the Institution were presented in Kazakhstani tenge (hereinafter - “tenge”). The functional and presentation currency of the financial statements of the Institution is tenge. All amounts in these financial statements are rounded to thousand unless otherwise stated.

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

Going concern basis

These financial statements have been prepared in accordance with IFRSs, based on the assumption that the Institution will adhere to the principle of continuing operations. This involves the sale of assets and the repayment of obligations in the course of its normal business in the foreseeable future. The Management of the Institution has no intention, nor the need to liquidate or significantly reduce the scope of activities. The Institution assessed whether there is any indicator that property, plant and equipment may be impaired as at December 31, 2021 and did not find any indicators.

Accrual basis

These financial statements were prepared on the accrual basis. The accrual basis assumes recognition of the results of business operations, as well as events when they occurred, regardless of the time of payment. Transactions and events are recorded in the accounting and are included in the financial statements for the periods to which they relate.

Recognition of the elements of financial statements

These financial statements include all assets, liabilities, equity, income and expenses, which are the elements of financial statements. All elements of financial statements are presented on linear basis. The inclusion of several elements of financial statements into a single item is made taking into account their characteristics (functions) in the Institution's operations. Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Foreign currency translation

In preparing the financial statements, transactions in foreign currencies (other than the functional currency) are carried at the exchange rates prevailing at the transaction date. Monetary items denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing at the date of determination of fair value. Non-monetary items measured at historical cost, denominated in foreign currency, are not retranslated. Exchange rates prevailing on Kazakhstan Stock Exchange (hereinafter – "KASE") are used as official exchange rates in the Republic of Kazakhstan.

Currency exchange rates of KASE used by the Institution in preparing the financial statements are as follows:

Currency	December 31, 2021	December 31, 2020
British pound	580.90	574.88
Euro	489.10	516.79
US Dollar	431.80	420.91
Russian ruble	5.76	5.62

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

The property, plant and equipment are carried at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The initial cost of property, plant and equipment comprises of its acquisition price, including import duties and non-recoverable taxes, borrowing costs directly attributable to long-term construction projects, if the recognition criteria are met, as well as any direct costs related to bringing the asset to working condition and delivery to the place of the intended use.

The Institution determines the following terms for useful life for its property, plant and equipment:

Group	Useful life
Land	Indefinitely
Buildings and constructions	50 years
Machinery and equipment	4 years
Vehicles	5 years
Library books	10 years
Other	3-7 years

Impairment of property, plant and equipment

The Institution assesses at each reporting date whether there is any indicator that an asset may be impaired. If any such indicator exists, the Institution makes an estimate of the assets' recoverable amount in order to determine the amount of loss from impairment (if such exists).

In cases when it is impossible to estimate the recoverable amount of an individual asset, the Institution estimates the recoverable amount of the unit to which the asset belongs. The Institution also allocates the cost of corporate assets to separate generating units for which a reasonable and consistent allocation basis can be found.

The recoverable amount is determined as the higher of two values: fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets, for which the estimated future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Losses from impairment are reflected immediately in the statement of profit or loss and other comprehensive income.

Intangible assets

Intangible assets are stated at cost less accumulated depreciation and impairment losses. Amortization of intangible assets is calculated on a straight-line basis and begins when the asset is ready for use. Estimated useful lives, residual values and depreciation methods are reviewed at the end of each year and, if necessary, corrected. Intangible assets consist of computer software with a useful life of 3 years.

Taxation

Corporate income tax

Corporate income tax is calculated in accordance with the legislation of the Republic of Kazakhstan and is represented as the sum of current and deferred tax. According to Tax code of the Republic of Kazakhstan, the Institution is exempt from corporate income tax in accordance with tax legislation of the Republic of Kazakhstan, if the aggregate annual income from education activities is more than 90% of the total revenue.

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Taxation(continued)

Value added tax (hereinafter – “VAT”)

The subject of VAT is a taxable turnover of Institution, which consists of the turnover from the sale of goods and services in the Republic of Kazakhstan and taxable import of the Institution, defined as goods imported or moved into the territory of the Republic of Kazakhstan (except for VAT exemptions), being a subject to declaration in accordance with the customs legislation of the Republic of Kazakhstan.

In accordance with Article 289 of the Tax Code of the Republic of Kazakhstan the services rendered by non-for-profit organizations such as pre-school education, primary, basic secondary, general secondary, additional education, technical and professional, post-secondary, high and postgraduate professional education, carried out under the appropriate licenses for conduct of these activities are exempt from VAT.

In determining the amount of tax payable to the budget, the University has the right to offset the amounts of value added tax payable for the goods received, including fixed assets, intangible and biological assets, investments in real estate, works and services, if used or will be used for the purpose of taxable turnover.

If the Institution has taxable and non-taxable turnovers, including VAT exempt from value added tax, the value added tax is offset by a proportional method.

Advances given

Advances given to suppliers are presented in the financial statements at historical cost less allowance for doubtful debts. Advances are classified as long-term if the expected period of receiving goods or services related to them exceeds one year, or if advances relate to assets that will be presented as long-term on initial recognition. Advances given of the acquired assets is included in their carrying amount when the Institution obtains control over these assets and it is probable that future economic benefits associated with them will be received by the Institution. Other advances are written off by the time of receiving goods or services, related to them. If there is an indication that assets, goods or services, related to advances, would not be received, the carrying value of advances is a subject to reduction, and related reserve presented in profit or loss for the year.

Inventories

Inventories are stated at the lower of cost or net realizable value. Weighted average costing method is used for measuring cost of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less costs of sales.

Provisions

Provisions are recognized when the Institution has present obligations (legal or constructive) arising as a result of past events, for which settlement probably will need to outflow resources, embodying economic benefits and the amount of such obligations can be reliably measured.

The amount of provision is the best estimate of indemnification required to settle the obligation in the end of the reporting period, which takes into account risks and uncertainties, related with the obligation. In the case of estimation of provision with cash flows required to settle the obligations, the carrying amount of obligation is defined as the cost of such cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of revenue and expenses

Revenue

Contracts with customers contain the agreed rights and obligations of the parties, conditions for the cost and volume of services are defined. The Institution recognizes revenue from the provision of services as the process of rendering services is completed at each reporting date, as the obligations to provide services are fulfilled over time, and the customer simultaneously receives and consumes the benefits associated with the fulfillment of the specified obligation by the Institution as it is fulfilled. The cost of each service is determined in the contract and does not contain a variable consideration.

Revenue from state grants for the reimbursement of costs

Revenue from state grants for the reimbursement of costs contain the agreed rights and obligations of the parties, the conditions for the cost and volume of services are determined in accordance with the agreement concluded with the state institution - Ministry of Education and Science of the Republic of Kazakhstan. The Institution recognizes revenue from state grants for the reimbursement of costs for training of specialists with higher and postgraduate education as the service is completed at each reporting date within other income.

Expenses

Expenses are recognized at the moment of actual receipt of relevant goods or services, regardless of when cash was paid and are recorded in the financial statements in the period to which they relate.

Taxes and deductions from employees' remuneration

In 2021, the Institution pays a social tax to the state budget of the Republic of Kazakhstan in accordance with the tax law of the Republic of Kazakhstan at a flat rate of 9.5% of salaries and other payments to its employees, including material benefits (2020: 9.5%). Part of the social tax at a flat rate of 3.5% is transferred to State Social Insurance Fund JSC (2020: 3.5%).

In 2021, the Institution pays obligatory social medical insurance at a rate of 2% of salaries and other payments to its employees, including material benefits (2020: 1.5%).

The Institution also withholds up to 10% from the salaries of its employees as obligatory deductions to Unified Accumulative Pension Fund JSC (2020: 10%).

Apart from deductions to Unified Accumulative Pension Fund JSC, the Institution withholds from the salaries and other payments to its employees, including material benefits, a personal income tax at a flat rate of 10%.

Financial instruments

Key measurement terms

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss;
- fair value through other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial instruments of the Institution include financial assets and financial liabilities which are carried at amortised cost as described below.

Amortised cost is the amount at which the financial instrument was recognised at initial cost less any principal repayments, plus accrued interest, and for financial assets less any write-down for expected impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related assets and liabilities items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Classification of financial assets

Financial assets of the Institution include trade and other accounts receivable and cash. The Management determines the classification of its financial assets at initial recognition. Trade and other accounts receivable are recognized initially at fair value plus transaction costs. Subsequently, trade and other accounts receivable are stated at amortized cost using the effective interest method.

Classification of financial liabilities

Financial liabilities of the Institution include financial liabilities carried at amortised cost. The Institution's financial liabilities comprise trade accounts payable, loans received and financial aid.

Initial recognition of financial instruments

Financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial assets

The Institution derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Institution has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without a necessity to impose additional restrictions on the sale.

Impairment of financial assets carried at amortised cost

Expected impairment losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ("cash shortfalls"). This difference is discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The assessment of impairment for financial assets can either be individually or collectively and is based on how an entity manages its credit risk. If an entity has a small number of receivables with large value and these receivables are managed on an account basis (i.e. individually) it may not be appropriate in that case to base the impairment on a provision matrix as such a matrix would unlikely be in line with the expected credit loss of the individual receivable.

Recognition of credit losses is no longer dependent on the Institution first identifying a credit loss event. Instead the Institution considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2);
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

If the terms of an impaired financial asset held at amortized cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms.

Uncollectible assets are written off against the related impairment loss allowance after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account within the profit or loss for the year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets and liabilities

Contingent assets are not recognized in the financial statements but are subject to disclosure if there is a probability of an inflow of economic benefits.

Contingent liabilities are recognized in the financial statements only if there is probability, that in connection with the repayment of such obligations an outflow of resources is required, the amount of which can be determined with sufficient accuracy. In other cases, contingent liabilities are disclosed in the financial statements.

Events after reporting period

Events occurred after the end of the year, which provide additional information about the position of the Institution as at the date of the statement of financial position (adjusting events) are reflected in the financial statements. Events occurred after the end of the year that are not adjusting events are disclosed in notes if they are significant.

New and revised international financial reporting standards

Standards and interpretations adopted this year

The accounting principles adopted in the preparation of the financial statements are consistent with the principles applied in the preparation of the financial statements of the Institution for the year ended December 31, 2020, except for the adopted new standards and interpretations that are effective from January 1, 2021. The Institution has not early adopted other standards, interpretations or amendments that have been issued, but not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (“IBOR Reform – Phase 2”)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments provide for the following:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments did not have any impact on the Institution's financial statements, as there are no hedging relationships based on interest rates.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment did not have any impact on the Institution's financial statements. The Institution does not have any Covid-19 related lease concessions granted, but plans to apply practical expedients, if necessary, within a reasonable period. This amendment did not have any impact on the Institution's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and revised international financial reporting standards(continued)

Standards issued but not effective yet

The following are new standards, amendments and interpretations that have been issued but are not yet effective as of the date the Institution's financial statements are issued. The Institution intends to apply these standards, amendments and interpretations, if applicable, from the effective date.

IFRS 17 Insurance Contracts

In May 2017, the IASB released IFRS 17 Insurance Contracts, a comprehensive new financial reporting standard for insurance contracts that addresses recognition and measurement, presentation and disclosure. When IFRS 17 becomes effective, it will replace IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life and non-life insurance, direct insurance and reinsurance), regardless of the type of entity that issues them, and to certain guarantees and financial instruments with conditions discretionary participation. There are several exceptions to the scope. The main objective of IFRS 17 is to provide an accounting model for insurance contracts that is more efficient and consistent for insurers. Unlike the requirements of IFRS 4, which are primarily based on previous local accounting policies, IFRS 17 provides a comprehensive model for accounting for insurance contracts, covering all relevant aspects of accounting.

IFRS 17 is based on a general model, supplemented by the following:

- Certain modifications for insurance contracts with direct participation terms (variable fee method).
- Simplified approach (premium distribution approach) mainly for short-term contracts.

IFRS 17 is effective for periods beginning on or after 1 January 2023 and comparative information is required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date of first application of IFRS 17. This standard is not applicable to the Institution.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

In January 2021, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Institution is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IFRS 3: Definition of a Business – Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. These amendments are not expected to have a material impact on the financial statements of the Institution.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not effective yet (continued)

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments are not expected to have a material impact on the financial statements of the Institution.

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Institution will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to IFRS 1 «First-time Adoption of International Financial Reporting Standards» – Subsidiary as a first-time adopter

As part of the 2018-2020 Annual Improvements to IFRSs, the IASB has issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. Under the amendment, a subsidiary that elects to apply paragraph D16(a) of IFRS 1 may measure accumulated exchange differences using the amounts recognized in the parent's financial statements based on the parent's date of transition to IFRSs. This amendment also applies to associates and joint ventures that elect to apply paragraph D16(a) of IFRS 1.

This amendment is effective for annual periods beginning on or after 1 January 2022. Early application is allowed. This standard is not applicable to the Institution.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 or after that date. Earlier adoption permitted. The Institution will apply the amendment to financial liabilities that are modified or replaced on or after the start date of the annual reporting period in which it first applies the amendment. This amendment is not expected to have a material impact on the Institution.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendment to IAS 41 Agriculture – Taxation in measuring fair value.

As part of the annual improvements to IFRS 2018-2020 period, the IASB has issued an amendment to IAS 41 Agriculture.

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude tax-related cash flows when measuring the fair value of assets within the scope of IAS 41.

An entity shall apply this amendment prospectively to fair value measurements at or after the start date of the first annual reporting period beginning on or after 1 January 2022. Early application is allowed. This standard is not applicable to the Institution.

Amendments to IAS 8 - Determination of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 introducing a definition of "accounting estimates". The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and the correction of errors. It also explains how organizations use measurement methods and inputs to develop accounting estimates.

The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and estimates that occur on or after the start date of that period. Early application is permitted subject to disclosure of that fact. These amendments are not expected to have a material impact on the Institution.

Amendments to IAS 1 and Practice Guideline No. 2 on the Application of IFRS - Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Guideline 2 on Making Materiality Judgments, which provide guidance and examples to help entities apply materiality judgments when disclosing accounting policies. The amendments should help entities disclose more useful information about accounting policies by replacing the requirement for entities to disclose "significant information" about accounting policies with a requirement to disclose "material information" about accounting policies, and by adding guidance on how entities should apply the concept materiality in making decisions on disclosure of information about accounting policies.

The amendments to IAS 1 apply for annual periods beginning on or after 1 January 2023, with early application possible. Since the amendments to Practice Note 2 on the Application of IFRSs provide non-mandatory guidance on the application of the definition of materiality to accounting policy information, it is not required to indicate the effective date of the amendments.

The Institution is currently assessing the impact these amendments may have on disclosures of the Institution's accounting policies

Reclassifications

The Institution made certain reclassifications to the statement of profit or loss and other comprehensive income for the year ended December 31, 2020 to be consistent with the presentation for the year ended December 31, 2021, as follows:

Statement of profit or loss and other comprehensive income:

In thousands of tenge	Notese	2020 (before reclassification)	Reclassification	2020 (after reclassification)
Cost of educational services	18	1,103,485	70,189	1,173,674
Selling expenses	19	121,526	23,925	145,451
General and administrative expenses	20	1,005,943	(94,114)	911,829

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Preparation of the financial statements requires the preparation of judgments by management of the Institution and use of subjective estimates and assumptions that affect recorded amounts of assets and liabilities and disclosure of information about potential assets and liabilities at the reporting date of financial statements and recorded amounts of income and expenses during the reporting period. Despite the fact that the estimates are based on historical knowledge and other significant factors, events or actions may arise in such a manner, so actual results may differ from these estimations.

Key assumptions for future and other key sources of estimation of uncertainty at the reporting date that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are presented below.

Useful lives of property, plant and equipment and intangible assets

The Institution reviews the remaining useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Assessment of useful lives depends on the factors such as: economic use, repairs and maintenance program, technological improvements and other business conditions. Management assessment of the useful lives of property and equipment reflects corresponding information that is available as at the reporting date.

Fair value of financial assets

For trade accounts receivable, the Institution has adopted the simplified approach provided by IFRS 9 and calculated expected credit losses for the entire term. The Institution used a reserve matrix based on observable historical defaults over the life of trade receivables, which are adjusted for forecast estimates. The Institution also performs impairment analysis on an individual basis with respect to specific borrowers based on information on actual losses incurred in the past, current conditions, reasonable and justified forecasts.

Deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which these assets can be offset. To determine the amount of deferred tax assets that can be recognized in the financial statements, the Institution applies significant judgments regarding the probable timing of the receipt and value of future taxable profits, as well as the tax planning strategy.

5. CASH

As at December 31, 2021 and 2020 cash is presented as follows:

In thousands of tenge	December 31, 2021	December 31, 2020
Cash on current bank accounts, in tenge	530,298	388,702
Cash on current bank accounts, in currency	28,739	13,241
Cash on card accounts	484	3,877
Less: allowance for expected credit losses	(30,646)	(7,452)
	528,875	398,368

As at December 31, 2021 and 2020 cash has not been pledged as collateral or restricted in use.

The movement of the allowance for expected credit losses is presented as follows:

In thousands of tenge	2021	2020
At the beginning of the year under IFRS 9, recalculated	7,452	3,383
Accrual for the year	23,194	4,069
At the end of the year	30,646	7,452

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

5. CASH (CONTINUED)

Cash is denominated in the following currencies:

In thousands of tenge	December 31, 2021	December 31, 2020
Tenge	519,213	385,208
Euro	4,479	275
British pound	3,881	4,630
US Dollar	1,302	8,177
Russian ruble	–	78
	528,875	398,368

The amounts include the allowance for expected credit losses.

6. TRADE AND OTHER ACCOUNTS RECEIVABLE

As at December 31, 2021 and 2020 trade and other accounts receivable are presented as follows:

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
Accounts receivable from third parties		284,876	298,296
Accounts receivable from related parties	24	9,478	162
Other receivables from third parties		12,413	13,270
		306,767	311,728
Less: allowance for expected credit losses		(159,092)	(101,541)
		147,675	210,187

As at December 31, 2021 and 2020 trade and other accounts receivable are presented in tenge.

The movement of the allowance for expected credit losses for the years ended December 31, 2021 and 2020 is as follows:

In thousands of tenge	2021	2020
At the beginning of the year	101,541	130,978
Accrual for the year	77,260	36,165
Written off	(19,709)	(65,602)
At the end of the year	159,092	101,541

7. FINANCIAL AID GIVEN

As at December 31, 2021 and 2020 financial aid given are presented as follows:

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
Financial aid given to related parties	24	271,809	421,809
Less: allowance for expected credit losses		(54,920)	(54,920)
		216,889	366,889

In December 2020, the Institution issued an interest-free financial aid to a related party in the amount of 425,000 thousand tenge with a maturity date at June 30, 2024.

Financial aid was recognized at fair value, which was estimated as discounted future cash flows using effective interest rate of 8.6%, which is the weighted average rate on loans with similar characteristics. The fair value adjustment in 2020 amounted to 58,111 thousand tenge and was recorded in the statement of changes in equity.

During 2021 repayment of issued financial aid amounted to 150,000 thousand tenge. The amortization of the adjustment to fair value in the amount of 28,385 thousand tenge was recognized in finance costs (Note 21).

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

8. ADVANCES GIVEN

As at December 31, 2021 and 2020 advances given are presented as follows:

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
Advances given for goods and services		71,912	40,551
Advances given for education		4,458	6,801
Advances given for rent		2,649	2,874
Advances given for rent management services	24	–	23,707
Other advances given		26,523	13,023
Total current advances given		105,542	86,956
Less: allowance for advances given		(11,363)	(11,363)
		94,179	75,593

The movement of the allowance for advances given is as follows:

In thousands of tenge	2021	2020
At the beginning of the year	11,363	11,363
Recovered during the year	–	–
At the end of the year	11,363	11,363

9. OTHER CURRENT ASSETS

As at December 31, 2021 and 2020 other current assets are presented as follows:

In thousands of tenge	December 31, 2021	December 31, 2020
Receivables from employees	38,512	55,425
Other taxes	6,055	4,405
Value added tax	2,210	481
Other assets	6,723	1,759
	53,500	62,070

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT,

Movement of property, plant and equipment for the years ended December 31, 2021 and 2020 is as follows:

In thousands of tenge	Land	Buildings and constructions	Machinery and equipment	Vehicles	Library stock	Other	Total
Historical cost As at							
December 31, 2019	1,367,628	2,932,605	331,679	48,287	150,424	368,108	5,198,731
Additions	–	–	8,652	44,990	6,606	8,628	68,876
Internal transfers	–	28,732	(24,704)	–	(3)	(4,025)	–
Disposals	–	(728)	(208,308)	(40,362)	(52,642)	(228,035)	(530,075)
As at December 31, 2020	1,367,628	2,960,609	107,319	52,915	104,385	144,676	4,737,532
Additions	–	–	82,115	–	3,141	13,482	98,738
Disposals	–	–	(31,108)	(7,925)	(8,677)	(24,291)	(72,001)
As at December 31, 2021	1,367,628	2,960,609	158,326	44,990	98,849	133,867	4,764,269
Accumulated depreciation and impairment							
As at December 31, 2019	–	292,753	247,458	44,333	105,575	247,793	937,912
Accrual for the year	–	65,584	7,240	3,503	10,108	29,601	116,036
Disposals	–	(528)	(197,315)	(35,994)	(52,561)	(199,090)	(485,488)
As at December 31, 2020	–	357,809	57,383	11,842	63,122	78,304	568,460
Accrual for the year	–	72,056	26,154	8,998	10,163	24,011	141,382
Disposals	–	–	(31,102)	(7,925)	(8,604)	(24,280)	(71,911)
As at December 31, 2021	–	429,865	52,435	12,915	64,681	78,035	637,931
Carrying value							
As at December 31, 2020	1,367,628	2,602,800	49,936	41,073	41,263	66,372	4,169,072
As at December 31, 2021	1,367,628	2,530,744	105,891	32,075	34,168	55,832	4,126,338

As at December 31, 2021 and 2020 fully depreciated property, plant and equipment amounted to 6,371 thousand tenge and to 56,512 thousand tenge, respectively.

As at December 31, 2021 and 2020, fixed assets with a carrying value of 2,139,688 thousand tenge with an adjacent land plot of 1.7 hectares, cadastral number 20-313-015-178, located at the address: Almaty, Bostandyk district, Rozybakiev street, house 227, owned by the Institution were collateral for the loan (Note 11).

11. LOANS RECEIVED

As at December 31, 2021 and 2020 loans received are presented as follows:

In thousands of tenge	Interest rate	Currency	December 31, 2021	December 31, 2020
Halyk Bank of Kazakhstan JSC	12%-15%	Tenge	959,514	1,354,846
Less: current portion			412,087	579,445
Non-current portion			547,427	775,401

On August 29, 2017, the Institution signed the credit line agreement with Kazkommertsbank JSC (currently Halyk Bank of Kazakhstan JSC). The purpose of the loan was refinancing of loan debts with Capital Bank Kazakhstan JSC and replenishment of working capital. In 2021, the Institution received tranches for a total amount of 45,000 thousand tenge under the credit line agreement (2020: 187,217 thousand tenge). The repayment term of the credit line is May 27, 2024. The interest rate on the loan is 12%-15%. The collateral is buildings with an attached land (Note 10).

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

11. LOANS RECEIVED (CONTINUED)

For the year ended December 31, 2021, the Institution repaid principal amount in the amount of 422,388 thousand tenge (2020: 510,428 thousand tenge).

For the year ended December 31, 2021, accrued interest amounted of 132,072 thousand tenge (2020: 204,590 thousand tenge) (Note 21).

According to schedule, the payment of interest is performed on monthly basis. As at December 31, 2021, interest payable amounted to 583 thousand tenge (2020: 55,028 thousand tenge).

12. CONTRACT LIABILITIES

As at December 31, 2021 and 2020 contract liabilities are presented as follows:

In thousands of tenge	December 31, 2021	December 31, 2020
Third party contract liabilities	1,205,854	1,122,151
	1,205,854	1,122,151

As at December 31, 2021 and 2020 contract liabilities are presented as prepayment for educational services from legal entities and individuals.

13. FINANCIAL AID RECEIVED

As at December 31, 2021 and 2020, financial aid received are presented as follows and that is due on demand. Financial aid received for financing working capital replenishment.

In thousands of tenge	Notes	December 31, 2021	December 31, 2020
Financial aid from related parties	24	11,250	15,897
		11,250	15,897

During 2020, the Institution recognized an amount of nil tenge (2020: 11,297 thousand tenge) in other income that was not claimed by a third party (Note 22).

14. TRADE ACCOUNTS PAYABLE

As at December 31, 2021 and 2020 trade accounts payable is presented as follows:

In thousands of tenge	December 31, 2021	December 31, 2020
Payables for goods and services	76,311	58,109
Payables to suppliers and contractors for the construction of educational campus	3,283	6,034
Payables to partner universities	415	29,507
Other payables	14,488	6,200
	94,497	99,850

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

15. OTHER CURRENT LIABILITIES

As at December 31, 2021 and 2020 other current liabilities are presented as follows:

In thousands of tenge	December 31, 2021	December 31, 2020
Unused vacation accruals	178,867	181,018
Pension contributions	17,526	11,456
Personal income tax	12,240	7,870
Salary payable to employees	10,444	9,428
Value added tax	2,493	2,600
Withholding tax payable	–	8,800
Other taxes	33,228	8,388
	254,798	229,560

Movement in the unused vacation accruals is presented as follows:

In thousands of tenge	Notes	2021	2020
As at January 1		181,018	182,615
Accrued	18, 19, 20	138,268	160,171
Used		(140,419)	(161,768)
As at December 31		178,867	181,018

16. TAXATION

Corporate income tax is calculated in accordance with the legislation of the Republic of Kazakhstan and is represented as the sum of current and deferred tax. The Institution is exempt from corporate income tax in accordance with tax legislation of the Republic of Kazakhstan if the aggregate income from education activities is more than 90% of the total revenue.

Corporate income tax expenses include:

In thousands of tenge	December 31, 2021	December 31, 2020
Current corporate income tax expense	–	–
Deferred corporate income tax expenses	–	–
Corporate income tax benefit	–	–

17. REVENUE FROM EDUCATIONAL SERVICES

For the years ended December 31, 2021 and 2020 revenue from educational services are presented as follows:

In thousands of tenge	2021	2020
Bachelor	1,600,786	1,409,855
Master of Business Administration (MBA)	1,062,387	666,503
Additional courses and seminars	275,678	329,289
Doctor of Business Administration	73,374	77,211
Masters	43,582	46,955
Other	14,025	15,334
	3,069,832	2,545,147

EI ALMATY MANAGEMENT UNIVERSITY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)****18. COST OF EDUCATIONAL SERVICES**

For the years ended December 31, 2021 and 2020 costs of educational services are presented as follows:

In thousands of tenge	Notes	2021	2020
Payroll and related taxes		1,082,234	722,886
Engaging other teachers and professors		173,398	63,242
Unused vacation reserve accruals	15	102,304	86,148
Rent		70,260	69,060
Event expenses		63,087	30,942
Conducting dual training		60,215	7,195
Contributions to partner universities		54,825	45,611
Business trip expenses		52,612	25,371
Depreciation and amortization		31,635	35,210
Access to websites and learning platforms		22,299	8,628
Expenses for professors' trainings		16,813	11,679
Materials		16,430	15,465
Preparation of diplomas and certificates		4,861	—
Scholarships for the project on Economic Empowerment of Afghan Women		—	41,685
Other		73,272	10,552
		1,824,245	1,173,674

Contributions to partner universities are presented by expenses for study of students in partner-universities for corresponding programs.

19. SELLING EXPENSES

For the years ended December 31, 2021 and 2020, selling expenses are presented as follows:

In thousands of tenge		2021	2020
Advertising expenses		86,046	38,019
Payroll and related taxes		58,853	52,180
Depreciation and amortization		38,622	31,324
Unused vacation reserve accruals	15	3,038	—
Event expenses		959	99
Business trip expenses		833	7,866
Materials		—	9,500
Other		10,731	6,463
		199,082	145,451

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

20. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, 2021 and 2020, general and administrative expenses are presented as follows:

In thousands of tenge	Notes	2021	2020
Payroll and related taxes		534,876	398,235
Depreciation and amortization		72,761	55,878
Professional services		68,411	14,974
Business trip expenses		67,644	10,538
Current expenses for repair works		55,906	5,455
Taxes, other than corporate income tax		52,472	55,379
Materials		45,119	50,317
Unused vacation reserve accruals	15	32,926	74,023
Cleaning services		27,570	14,687
Utility expenses		27,513	21,971
Rent		27,224	41,633
Communication services		25,933	11,768
Security expenses		25,133	21,851
Membership fees		20,206	–
Event expenses		13,157	17,797
Expenses for professors' trainings		6,216	20,605
Bank services		5,809	3,826
Transportation expenses		3,855	2,342
Insurance		2,080	2,194
Management services		–	40,000
Office supplies		–	2,671
Other		71,371	45,685
		1,186,182	911,829

21. FINANCE EXPENSES, NET

For the years ended December 31, 2021 and 2020, finance expenses are presented as follows:

In thousands of tenge	Notes	2021	2020
Interest income on deposits		18,263	11,642
Interest expenses on loans received	11	(132,072)	(204,590)
Amortization of discount	7	(28,385)	–
		(142,194)	(192,948)

22. OTHER INCOME, NET

For the years ended December 31, 2021 and 2020, other income is presented as follows:

In thousands of tenge	Notes	2021	2020
Income from reimbursement of costs for training of specialists		591,775	360,790
Income from rent		46,054	20,950
Income from/(loss on) disposal of assets, net		4,114	(21,749)
Income from donated assets	13	–	11,297
Other expenses, net		(70,302)	(30,351)
		571,641	340,937

For the years ended December 31, 2021 and 2020, the Institution recognized income from state grants for reimbursement of costs for training of specialists with higher and postgraduate education in the framework of the state educational order in accordance with agreements concluded with the Ministry of Education and Science of the Republic of Kazakhstan.

23. CONTRACTUAL AND CONTINGENT LIABILITIES AND OPERATIONAL RISKS

Operating environment

The economy of the Republic of Kazakhstan continues to show the features inherent in developing countries. Among others, such characteristics include the absence of a freely convertible national currency outside the country and a low level of liquidity of debt and equity securities in the markets.

Prospects for the economic stability of the Republic of Kazakhstan substantially depend on the effectiveness of economic measures taken by the Government, as well as the development of the legal, regulatory and political systems that are outside the scope of control of the Institution.

Financial condition and future operations of the Institution may be adversely affected as a result of continuing economic problems inherent in a developing country. The Management cannot predict either the extent or duration of the economic difficulties and to assess their impact, if any, will impact the financial statements.

The Management of the Institution believes that is taking necessary measures to support the economical sustainability of the Institution in the current environment. However, further deterioration of the situation in the areas described above could negatively affect the results and financial position of the Institution. It is currently impossible to determine what exactly this influence might be.

Due to the rapid spread of the COVID-19 pandemic in 2020, which continued into 2021, many governments, including the Government of the Republic of Kazakhstan, have taken various measures to combat the outbreak, including imposing travel restrictions, quarantine, closing businesses and other institutions, and closing certain regions. These measures have had an impact on the global supply chain, on the demand for goods and services, and on the level of business activity in general. It is expected that the pandemic itself, as well as related public health and social measures, may have an impact on the activities of organizations in various sectors of the economy.

The Government of the Republic of Kazakhstan has taken support measures to prevent a significant deterioration in economic performance as a result of the COVID-19 outbreak. These measures include, but are not limited to, soft loans for entities operating in affected industries and affected individuals, credit holidays, and easing of certain regulatory restrictions to support the financial sector and its ability to provide resources and help clients avoid liquidity shortages as a result of measures to containment of the spread of COVID-19.

As at the date of issuance of these financial statements, the Institution's Management assessed and concluded that the impact of the pandemic on the Institution's operations, financial position and financial results is not material.

Taxation

The Government of the Republic of Kazakhstan continues to reform the business and commercial infrastructure in its transition to a market economy. As a result, laws and regulations regulating the Institution's operations continue to change rapidly. These changes are characterized by insufficient drafting, availability of different interpretations and arbitrary application by the authorities.

Taxes are reviewed by several bodies that are legally entitled to impose fines and penalties. The absence of reference to the regulations in Kazakhstan results in a lack of clarity and integrity of regulations. Frequent contradictions in legal interpretations in government bodies and between companies and government bodies create uncertainties and conflicts. These facts create tax risks in Kazakhstan which are much more significant in comparison with such in countries with more developed tax systems. The tax authorities have the right to examine tax records for five years after period end in which the tax base is determined and the taxes amount is accrued. Consequently, the Institution may be charged for additional tax liabilities because of tax audits. The Institution believes that it had adequately reflected all tax liabilities based on its interpretations of tax laws.

23. CONTRACTUAL AND CONTINGENT LIABILITIES AND OPERATIONAL RISKS (CONTINUED)

Insurance

The Institution insures employees under obligatory and voluntary health insurance in accordance with the requirements of the legislation of the Republic of Kazakhstan. The Institution bears the risk of loss with respect to the uninsured or partially insured assets and operations.

Legal issues

The Management believes that there are no pending lawsuits or other claims, the results of which could have a significant impact on the operations or financial position of Institution, and which have not been accrued or disclosed in these financial statements.

Capital expenditures commitments

As at December 31, 2021 and 2020 the Institution has no material commitments for capital expenditures.

Investment related agreements

As at December 31, 2021 and 2020 the Institution has no investment related agreements.

24. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 “Related party disclosures”, the parties are considered to be related if one party has the ability to control or exercise significant influence over operating and financial decisions of another party. In deciding whether the parties are related, attention is drawn to the substance of the relationship, rather than the legal form.

Related parties may enter into transactions which have not been carried out between unrelated parties. Prices and conditions of such transactions may differ from the prices and conditions of transactions with unrelated parties.

Terms and conditions of related party transactions

Related party transactions were made on terms agreed between the parties, which are not necessarily carried out on arm’s length. Outstanding balances at year end are unsecured, are interest free, and the disbursements are made in cash.

Transactions with related parties were carried out on terms agreed between the parties that are not necessarily carried out on market terms. Outstanding balances at year-end are unsecured, non-interest bearing and are settled in cash.

This assessment is made each fiscal year through a review of the related party's financial position and the market in which it operates.

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Terms and conditions of related party transactions (continued)

As at December 31, 2021 and 2020, the Institution has the following transactions with related parties:

In thousands of tenge	December 31, 2021		December 31, 2020	
	Operations with related parties	Total category as per financial statements	Operations with related parties	Total category as per financial statements
Trade and other accounts receivables	9,478	147,675	162	210,187
- Other related parties	9,478	-	-	-
- Parent company	-	-	162	-
Financial aid given	300,194	245,274	421,809	366,889
- Other related parties	54,920	-	54,920	-
- Parent company	245,274	-	366,889	-
Advances given		94,179	23,707	75,593
- Parent company	-	-	23,707	-
Financial aid received	11,250	11,250	15,897	15,897
- Other related parties	11,250	-	15,897	-

The operations with related parties presented in the statement of profit or loss and other comprehensive income, for the years ended December 31, 2021 and 2020 as follows:

In thousands of tenge	2021		2020	
	Related party transactions	Total category as per financial statements	Related party transactions	Total category as per financial statements
General and administrative expenses	22,598	1,186,182	74,336	911,829
- parent company	19,060	-	74,336	-

Compensation of key management personnel

The key management personnel consist of the Rector of the Institution, first vice-rector - Director of the institute for educational development, vice-rector for corporate development and advisor of the vice-rector for academic development in total number of 4 persons as at December 31, 2021 (2020: 4 persons).

For the year ended December 31, 2021 total compensation to key management personnel included in general and administrative expenses the statement of profit or loss and other comprehensive income amounted to 109,891 thousand tenge (2020: 81,846 thousand tenge). Compensation to the key management personnel consist of salaries and other short-term benefits in accordance with the Institution's internal regulations.

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management policies

The Institution monitors and controls the financial risks relating to the operations of Institutions through internal risk reports which analyze exposure to risk and the level of risk. These risks include market risk (including the risk of changes in currency exchange rates), credit risk and liquidity risk. The description of policies of the Institution's risk management is presented below.

Market risk

Market risk is the possible fluctuations in the value of a financial instrument as a result of changes in market prices. The Institution manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions which are considered during the planning of the education process.

EI ALMATY MANAGEMENT UNIVERSITY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)****25. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT (CONTINUED)****Currency risk**

The Institution has transactions denominated in foreign currencies.

As at December 31, 2021 and 2020 total assets of the Institution denominated in foreign currencies are as follows:

In thousands of tenge	December 31, 2021	December 31, 2020
US dollar	85,538	14,993
Euro	4,479	275
British pound	3,881	4,630
Russian ruble	36	78

The sensitivity level of 15% is used in the analysis and preparation of internal reporting on the foreign currency risk for key management personnel and reflects management's assessment of reasonably possible changes in exchange rates. The sensitivity analysis only considers balances of monetary items denominated in foreign currencies and adjusts translation of these balances at reporting date considering 15% change in foreign exchange rates.

Strengthening or weakening of the tenge against foreign currencies has an immaterial effect on the financial statements.

Credit risk

Credit risk - is the risk of financial loss for the Institution as a result of failure to meet obligation by the client or counterparty under a financial instrument.

The Institution regularly monitors repayment of trade and other accounts receivable. In the financial statements, allowances for all doubtful amounts are created (Notes 5 and 6).

Trade and other accounts receivable are not rated.

Maximum credit risk exposure may significantly vary depending on individual risks, related to particular assets and overall market risks. For financial assets, maximum credit risk exposure is equal to carrying value of these assets.

Credit risk in respect of cash on current and card bank accounts, using Standard & Poor's credit rating is presented as follows:

In thousands of tenge	Country	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Halyk Bank of Kazakhstan JSC	Kazakhstan	BB+	BBB-	528,875	395,858
Capital Bank Kazakhstan JSC	Kazakhstan	Not rated	C	–	2,510
				528,875	398,368

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

26. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT (CONTINUED)

Impairment assessment

The Institution calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD	The <i>Probability of Default</i> is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
EAD	The <i>Exposure at Default</i> is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The <i>Loss Given Default</i> is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Credit quality by classes of financial assets

The table below presents an analysis of the credit quality in terms of asset classes for the credit-related items of the statement of financial position based on the Institution's credit rating system.

31 December 2021	Note		Standard grade	Sub-standard grade	Impaired	Total
Cash	5	Stage 1	528,875	–	–	528,875
Trade and other accounts receivable	6	Stage 2	147,675	–	–	147,675
		Stage 3	–	–	159,092	159,092
Financial aid given	7	Stage 2	245,274	–	–	245,274
		Stage 3	–	–	54,920	54,920
Total			893,439	–	214,012	1,107,451

31 December 2021	Note.		Standard grade	Sub-standard grade	Impaired	Total
Cash	5	Stage 1	398,368	–	–	398,368
Trade and other accounts receivable	6	Stage 2	210,187	–	–	210,187
		Stage 3	–	–	101,541	101,541
Financial aid given	7	Stage 2	366,889	–	–	366,889
		Stage 3	–	–	54,920	54,920
Total			975,444	–	156,461	1,131,905

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

25. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade accounts receivable

Trade accounts receivable consist of a large number of students. Trade accounts receivable are categorized based on common risk characteristics, which represent the ability of students and third parties (payers for students) to pay the full amount under the contractual terms in a timely manner. The estimated provision for losses on trade accounts receivable is valued at an amount equal to the expected credit losses over the life of the instrument.

The Institution applies a simplified model to recognise expected credit losses over the entire term for all trade accounts receivable. The Institution assesses whether there has been a significant increase in the credit risk of trade accounts receivable since the initial recognition of the financial instrument at each reporting date. Comparing the risk of default (default risk) with respect to trade accounts receivable at the reporting date, the risk of default of a financial instrument in the evaluation on the date of initial recognition. The Institution determines the assumption that a default if the financial asset is overdue for more than 90 days.

Geographical concentration

As at December 31, 2021 and 2020 geographically the assets and liabilities of the Institution are located in the Republic of Kazakhstan.

Liquidity risk

Liquidity risk is a risk that the Institution is not able to repay all its obligations on the date due. The Institution monitors and controls the liquidity risk. The Institution carries out a detailed budgeting and cash forecasting process, to ensure that cash is sufficient for settlement of liabilities.

The tables below represent the contractual terms of the financial liabilities of the Institution. Table was compiled on the basis of undiscounted cash flows of financial liabilities based on the earliest date on which the Institution may be required to pay. The table includes the cash flows of principal amount.

In thousands of tenge	Effective interest rate	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total as at December 31, 2021
Loans received	12-14%	125,816	280,116	734,569	–	1,140,501
Financial aid received		–	–	11,250	–	11,250
Trade accounts payable		24,523	69,974	–	–	94,497
		150,339	350,090	745,819	–	1,246,248

In thousands of tenge	Effective interest rate	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total as at December 31, 2020
Loans received	12-15%	202,345	313,031	1,140,501	–	1,655,877
Financial aid received		–	–	15,897	–	15,897
Trade accounts payable		–	99,850	–	–	99,850
		202,345	412,881	1,156,398	–	1,771,624

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Institution cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Control system should include effective segregation of duties, access, authorization and reconciliation procedures, staff trainings and assessment processes, including the use of internal audit. The Management is responsible for managing of operational risks inherent to the Institution's activities, procedures and systems.

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is determined as the amount at which the instrument could be exchanged between knowledgeable parties on a commercial basis, except for situations with forced or liquidation sale. Since there are no significant available market mechanisms to determine fair value, for most of the Institution's financial instruments, in assessing fair value, assumptions based on current economic conditions and specific risks inherent in the instruments are used. The Institution believes that as at December 31, 2021 and 2020 the present value of cash, trade and other accounts receivable, financial aid given and received loans received, and trade accounts payable is approximately equal to their fair value.

The Institution uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: valuation models for which all inputs which have significant effect on the fair value recorded in the financial statements are observable in the market, either directly or indirectly;
- Level 3: valuation models which use inputs that have significant effect on the fair value recorded in the financial statements that are not based on observable market data.

All Institution's financial assets and liabilities belong to Level 2 of valuation hierarchy except for cash (Level 1).

For the years ended December 31, 2021 and 2020 there were no movement between levels 1, 2 and 3.

27. CAPITAL MANAGEMENT

Capital includes retained earnings. The main objective of the Institution in relation to capital management is to ensure about stable creditworthiness and an adequate level of capital for the conduct of the activities of the Institution.

The Institution manages its capital in order to continue to adhere to the principle of going concern together with the maximization of revenue for stakeholders by optimizing the balance of debt and equity. Compared to 2020, the overall strategy of the Institution remained unchanged.

The Institution's Management analyzes the capital structure semi-annually. As part of this review, the Management considers the cost of capital and risks associated with each class of capital.

Debt-to-equity ratio at year-end is presented as follows:

In thousands of tenge	December 31, 2021	December 31, 2020
Loans received	959,514	1,354,846
Equity	2,664,105	2,474,503
Debt-to-equity ratio	0.36	0.55

28. EVENTS AFTER REPORTING DATE

The situation with the new Covid-19 strain omicron

Since November 2021, the spread of a more contagious strain of Covid-19 omicron (hereinafter referred to as “omicron”) begun in the United States and Western Europe. According to preliminary results from a World Health Organization (WHO) study, compared to other options of concern, the omicron option increases the risk of re-infection with the coronavirus. WHO recommends that countries continue to take effective epidemic control measures to reduce the overall spread of Covid-19, conduct risk assessments and expand the capacity of public health structures.

In January 2022, the growth rate of the number of people infected with coronavirus remains significant in Kazakhstan and around the world. The vaccination of the population is continued in the Republic of Kazakhstan: both its own two-component coronavirus vaccine and vaccines from other manufacturers are used. As at reporting date more than 9.1 million people in the Republic of Kazakhstan were vaccinated with two components and more than 9.4 million people with one component out of the total number of citizens.

The Management continues to take preventive measures to minimize the spread of Covid-19 infection among its employees

State of emergency due to protests in Kazakhstan

On 2 January 2022 rallies were held in the Mangistau region against a sharp increase in the price of liquefied gas, which later turned into mass protests across the country with economic and political demands. On 4 and 5 January 2022 protesters clashed with law enforcement officers in Almaty, which resulted in damage to public and private property, looting and other crimes.

To ensure order and normalize the situation in the country, the President of the Republic of Kazakhstan introduced a State of Emergency for the period from 5 January to 19 January 2022 throughout the territory of Kazakhstan, and also received assistance from countries that are members of the Collective Security Treaty Organization. The measures taken by the President included the imposition of a curfew, strengthening measures to protect especially important state and strategic facilities, as well as facilities that ensure the vital activity of the population and the functioning of transport, the imposition of restrictions on movement, holding meetings and rallies, and other measures aimed at ensuring the safety of the population.

As at the date of issue of the financial statements, the Management assessed the impact of these events on the Institution's operations and financial results and concluded that the state of emergency due to the protests in Kazakhstan had no impact on the Institution's financial statements.

The situation in Ukraine and sanctions against the Russian Federation

On 24 February 2022, the Russian Federation began hostilities on the territory of Ukraine. During the hostilities by the units of the Russian armed forces, attacks were carried out on the military infrastructure of Ukraine, aviation, air defense facilities and military airfields, and some settlements and cities of Ukraine were blocked. In Ukraine, a state of emergency was introduced, the evacuation of the civilian population of Ukraine began in the direction of countries near and far abroad. The actions of the Russian Federation were strongly condemned by most countries of the world community, international organizations and led to new sanctions against the Russian Federation. On 26 February 2022, the leaders of France, Germany, Italy, Great Britain, Canada and the United States issued a joint statement on further restrictive economic measures against Russia. In particular, these measures include the exclusion of certain Russian banks from the SWIFT (Society for Worldwide Interbank Financial Telecommunications), the introduction of restrictive measures against the Central Bank of Russia, certain commercial banks and Russian officials, the imposition of a ban on the export of certain goods and technologies, and as well as a ban on the provision of related insurance services. Against the backdrop of the situation around Ukraine and increased geopolitical risks, volatility in the financial markets has risen sharply, and energy prices have risen.

Since the imposition of sanctions against the Russian Federation has an indirect impact on the economy of the Republic of Kazakhstan, this was reflected in the change in the exchange rate of the tenge. In order to ease the pressure on the tenge, the National Bank of Kazakhstan conducts foreign exchange interventions to “reduce the unreasonable impact of excessive fluctuations of the ruble on the tenge” As at the date of signing of these financial statements, the exchange rate of the tenge against the US dollar is 454.36 tenge.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for the issue by the Management of the Institution on June 23, 2022.